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INTELLIGENCE BRIEF

FOREIGN SHIPPING TO NORTH VIETNAM IN NOVEMBER 1965

DIRECTORATE OF INTELLIGENCE
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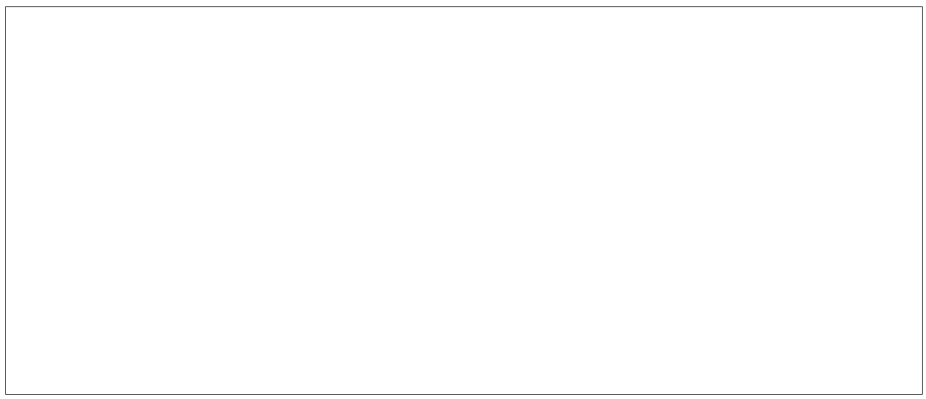

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FOREWORD

The data in this publication are preliminary and subject to modification as additional information becomes available. Significant changes may occur in data on ship arrivals and cargoes from Communist China and, to a lesser extent, in data on cargoes carried by ships of the Free World. All data on cargoes carried are expressed in metric tons. Data on Soviet and Eastern European ship arrivals and cargoes and on Free World ship arrivals are not likely to be changed significantly. As required, changes will be reported in subsequent publications.

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FOREIGN SHIPPING TO NORTH VIETNAM IN NOVEMBER 1965*

Summary

Foreign shipping to North Vietnam in November was marked by a sharp rise in the number of arrivals of Chinese Communist ships, a falling off of Free World shipping, and an increase in anthracite exports to Communist China to a level of nearly four times the average for the preceding ten months of the year. The large increase in these exports, coupled with the transfer from rail to sea of shipments of Chinese bituminous coal to North Vietnam and the establishment in Haiphong and Port Cam Pha of Chinese maritime shipping offices, may presage a major expansion of North Vietnam's seaborne trade with Communist China. This expansion will become imperative if the interdiction of the Dong Dang - Hanoi rail line, which was accomplished on 1 December, is maintained.

Seventeen Chinese Communist ships arrived in North Vietnam in November, compared with a monthly average of 12 for the period January-November 1965. The large increase in Chinese Communist arrivals, and the above-normal activity of other Communist-flag ships, resulted in thirty calls at North Vietnam by Communist ships, the highest for any month of the past two years.

Only 14 calls were made in November by Free World ships, 12 of which were of UK registry. November was the fourth consecutive month in which calls by Communist ships exceeded those by Free World ships and marked the point at which the cumulative total of calls by Communist ships in 1965 surpassed

* The estimates and conclusions in this brief represent the best judgment of this Office as of 17 December 1965. For details on ship arrivals and the type and distribution of cargoes, see Tables 1, 2, 3, and 4.

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the total for Free World ships. The distribution of calls by foreign-flag merchant ships during October and November was as follows:

	October	November	Monthly Average January-November
Total	35	44	44
Communist countries	18	30	22
USSR	4	7	6
Eastern Europe	4	5	4
Communist China	10	17	12
Cuba	0	1	Negl.
Free World	17	14	22
United Kingdom	13	12	11
Other	4	2	11

The volume of identified seaborne cargoes moved through North Vietnamese ports in November reached a quarter of a million tons for the first time this year. Identified exports of anthracite by sea in November amounted to 164,900 tons, the highest volume recorded this year, but shipments of the other principal export commodities were below normal. The large increase in exports of coal to Communist China was accompanied by a reduction in exports of coal to the Free World. No apatite was shipped in November, because of the continued interdiction of the railroad connecting the mines at Lao Cai with Haiphong. Identified exports of cement totaled only 3,700 tons, compared with an average volume of 11,600 tons per month during the first quarter of this year, presumably because of increased internal requirements for military construction and repairs of bomb damage. The reason for a continuing low volume of exports of pig iron is not apparent. Identified seaborne imports were abnormally high in November because of an exceptional number of bulk shipments of fertilizers, sugar, palm oil, petroleum, coal, and gypsum. No arms or ammunition were detected among import cargoes.

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1. Free World Shipping

Dry cargo ships of UK registry made 12 of the 14 visits by Free World ships, and single calls were made by a Norwegian reefer and a French tanker. The French ship and all but one of the British-flag ships have been under time charter to Communist China. North Vietnam had one of the UK-flag ships under subcharter and may also have been the prime charterer of another. The Norwegian ship was operating under Soviet charter to carry fruit to Nakhodka.

Free World ships were, as usual, employed primarily in carrying North Vietnamese exports. Only 5 of the 14 Free World ships carried cargoes -- bulk foodstuffs, coal, and gypsum -- to North Vietnam, but all except the French tanker were fully loaded outbound, mostly with coal. Free World ships carried 56 percent of identified seaborne cargoes, but the significance of this figure is diluted by the dearth of information on cargoes carried in Chinese ships. The share of North Vietnam's identified seaborne foreign trade carried by Free World ships continued to decline, as follows:

	Percent	
	November	January-October a/
Total	56	67
Imports	44	34
Exports	61	77

a. These data have been revised to account for cargoes carried by Chinese Communist ships whose calls were not previously reported (see Table 1).

The decline in calls at North Vietnam by Free World ships from January through September appears to have leveled off. In the past three months, 42 Free World ships visited North Vietnam, compared with 109 in the first three months of this year, a decrease of 61 percent. However, the decline in calls by Free World ships has had little or no effect on the volume of North Vietnam's seaborne trade, which declined only 15 percent over the same period, principally because of the cessation of exports of apatite.

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2. Communist Shipping

Thirty Communist ships called at North Vietnam in November, the highest total for any month of 1965. Of these, 17 were Chinese, compared with a monthly average of 11* in the preceding months of 1965. Soviet and Eastern European ships also were somewhat more active than usual, making seven and five visits, respectively, and a Cuban ship was the first of that flag to visit a North Vietnamese port.

The increased volume of Chinese Communist shipping is primarily the result of a major change in the Sino-Vietnamese coal trade and may presage a major expansion of seaborne trade between China and North Vietnam. Evidence of this is found in three significant developments: (a) an increase to a level of nearly four times the average for the preceding ten months in identified seaborne exports of North Vietnamese anthracite to China in November, (b) a sharp increase in the use of Chinese Communist ships to carry the North Vietnamese coal to China, and (c) the first observed seaborne imports of coal (bituminous) from China this year.

North Vietnam's identified seaborne exports of coal to China amounted to 115,700 tons in November, compared with an average monthly volume of 31,300 tons in the preceding months of this year. Although more coal is normally exported to China at this time of the year, the dramatic jump in exports is probably the result of a basic increase in Chinese imports of this commodity, either as compensation for increased Chinese military and economic assistance or as an additional form of assistance to North Vietnam's coal industry, whose exports to Free World countries are lagging.

Most of the Chinese Communist ships that visited North Vietnam in November went only to the coal ports, presumably to load coal. Cam Pha received seven calls and Hon Gay had two. These ships carried 32 percent of identified seaborne exports of coal to China in November. The other eight Chinese ships sailed to Haiphong; some of these may also have stopped at the coal ports en route back to China. By comparison, during the first 10 months of this year, the number of detected calls of Chinese ships at the coal ports averaged only about two per month. Throughout this year, Free World ships have carried most of the North Vietnamese coal shipments to China.

* This figure has been revised to include calls by Chinese Communist ships not previously reported (see Table 1).

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The first seaborne shipments of bituminous coal from China to North Vietnam in 1965 were detected in November. Although seven such shipments were spaced throughout 1964, no shipments in 1965 had been detected until this month. North Vietnam relies on China for imports of soft coal, which, since 1964, have been shipped primarily by rail over the Dong Dang - Hanoi railroad line. The sudden appearance of three seaborne shipments on Free World ships in November indicates that at least some of the imports of soft coal have now been transferred from the rail line to the sea route. (Seaborne shipments of coal from North China ports are usually carried by Free World ships because of the risks involved in the transit of the Taiwan straits by ships under the flag of Communist China.) Although the capacity of the Dong Dang - Hanoi rail line remained essentially unimpaired during November, use of the sea route may have been initiated in anticipation of the eventual interdiction of the line or to facilitate the handling of higher priority shipments.

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The major single North Vietnamese consumer of Chinese soft coal is the Thai Nguyen iron and steel plant, which can be supplied completely by water by using barges for the Haiphong - Thai Nguyen portion of the route.

The Dong Dang - Hanoi rail line, the only rail connection with the main railroad system of China, was interdicted by US air strikes on 1 December. If the rail interdiction is maintained, Sino-Vietnamese seaborne trade will increase considerably in the coming months.

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An unusual aspect of the operations of Communist-flag ships in November was that a Cuban ship visited a North Vietnamese port for the first time. Following a pattern established earlier in the year by Free World ships under charter to Cuba, the ship loaded coal in North Vietnam for the return voyage to Cuba after delivering sugar to Japan. Two Bulgarian ships, one of which was making its maiden voyage following delivery by a Japanese shipbuilder, loaded coal for Western Europe. (Bulgarian ships have been only infrequent visitors to North Vietnam,

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having made only four other calls since 1963.) Such calls may be repeated as Bulgaria takes delivery of several more newly built ore carriers.

3. Cargoes

The volume of identified seaborne cargoes moved through North Vietnamese ports in November reached a quarter of a million tons for the first time this year. Exceptionally large exports of coal accounted for two-thirds of the total, but the volume of imports also was unusually large. No arms or ammunition were detected among cargoes delivered by seagoing merchant ships.

Identified seaborne imports totaled 72,100 tons in November, compared with an average volume of 51,200 tons in the first ten months of this year. Most of the increase was accounted for by unusually large volumes of bulk shipments, including 19,800 tons of bulk foodstuffs (10,000 tons of palm oil on a French tanker and 9,800 tons of sugar on another Free World ship), 12,000 tons of miscellaneous cargoes (6,000 tons of Chinese gypsum and 6,000 tons of coal, also delivered by Free World ships), 12,200 tons of petroleum delivered by Soviet ships, and 12,500 tons of fertilizers (see Table 3).

Identified seaborne exports from North Vietnam in November amounted to 178,400 tons, 27 percent more than the average volume for the first ten months of the year. The increase was produced by soaring exports of coal which totaled 164,900 tons, compared with a monthly average of 87,100 tons* in the first ten months of the year. The previous monthly high for coal exports was the 124,000 tons* exported in June. In addition to the 115,700 tons of coal sent to China, 20,700 tons were shipped to Japan, 20,300 tons to Western Europe, and 8,300 tons to Cuba.

North Vietnam's exports of coal to Free World countries, particularly to Western Europe, continued to lag behind the level of last year, and exports to Japan have not increased to the extent anticipated. In 1964, Western European countries imported 246,400 tons of North Vietnamese coal, but their imports through the end of November of this year amounted to only 58,600 tons. Coal exports to all Free World countries are short of last year's volume by a similar margin. There is no indication of any

* These figures have been revised upward to include cargoes of coal carried by Chinese Communist ships whose calls were not previously reported (see Table 1).

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specific reason for the decline in imports by Western Europe, but it may be in large part a reaction to the increased US involvement in Vietnam. Exports of coal to Japan by the end of November were nearly up to the 421,000 tons shipped in 1964, but the year's total will be considerably short of the 600,000 tons for which Japanese importers signed contracts last January. A decline in Japanese industrial activity is the principal retarding factor.

The volumes of all other principal seaborne exports from North Vietnam in November were below average monthly levels. No apatite was shipped, because the rail line from the mines at Lao Cai remained closed to through traffic, and identified seaborne exports of cement and pig iron were only 39 and 31 percent, respectively, of the average monthly volumes of exports of these commodities in the first six months of this year. The reason for the decline in exports of pig iron is not known, but exports of cement almost certainly have been reduced in order to meet increased internal requirements, particularly for military construction and for the repair of bomb-damaged structures.

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Table 1

Foreign-Flag Ship Arrivals in North Vietnam a/
October, November, and Cumulative January-November 1965

Flag	October b/		November		Cumulative January-November b/	
	Number	Percent of Total	Number	Percent of Total	Number	Percent of Total
Total	35	100.0	44	100.0	488	100.0
Communist countries	18	51.4	30	68.2	245	50.2
USSR	4	11.4	7	15.9	69	14.1
Eastern Europe	4	11.4	5	11.4	46	9.4
Albania					1	0.2
Bulgaria			2	4.5	4	0.8
Czechoslovakia					4	0.8
Poland	4	11.4	3	6.8	37	7.6
Communist China	10	28.6	17	38.6	129	26.4
Cuba			1	2.3	1	0.2
Free World	17	48.6	14	31.8	243	49.8
Cyprus	1	2.9			2	0.4
France			1	2.3	2	0.4
Greece	1	2.9			26	5.3
Italy					1	0.2
Japan					37	7.6
Lebanon					9	1.8
Liberia					3	0.6
Malta					2	0.4
Netherlands					5	1.0
Norway	2	5.7	1	2.3	29	5.9
Panama					1	0.2
United Kingdom	13	37.1	12	27.3	126	25.8

a. Because of rounding, components may not add to the totals shown.
b. Previously published data have been revised to include additional calls by Chinese Communist ships as follows: 1 in May, 3 in June, 3 in July, 2 in August, and 1 in October.

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Table 2

Tonnage of Foreign-Flag Ship Arrivals in North Vietnam a/
October, November, and Cumulative January-November 1965

Flag	October b/		November		Cumulative January-November b/	
	Number	Thousand Gross Register Tons	Number	Thousand Gross Register Tons	Number	Thousand Gross Register Tons
Total	35	184.0	44	259.5	488	2,431.9
Communist countries	18	91.0	30	181.0	245	1,261.4
USSR	4	28.7	7	58.5	69	456.8
Eastern Europe	4	27.7	5	37.1	46	319.6
Communist China	10	34.6	17	75.7	129	475.2
Cuba			1	9.7	1	9.7
Free World	17	93.0	14	78.4	243	1,170.5

a. Many Soviet and Eastern European ships calling at North Vietnamese ports pick up or discharge only small parts of their total cargoes in North Vietnam, and many of the Free World ships only pick up export cargoes. For this reason, with the possible exception of Chinese Communist ships, aggregate tonnage of ships calling is not closely correlative to actual volume of cargoes moving into and out of North Vietnam, but these data are of value as indications of relative changes in the volume of shipping. Because of rounding, components may not add to the totals shown.

b. Previously published data have been revised to include additional calls by Chinese Communist ships as follows: 1 in May, 3 in June, 3 in July, 2 in August, and 1 in October.

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Table 3

Identified North Vietnamese Imports Carried by Foreign-Flag Ships a/
November 1965

Thousand Metric Tons

Flag	Commodity						
	Ammonium Sulfate and Other Fertilizers	Petroleum	Grain and Other Foodstuffs	Pyrites	Timber	Miscellaneous	Total
Total	12.5	12.2	19.8	0	0	27.6	72.1
Communist countries	12.5	12.2	0	0	0	15.5	40.3
USSR	7.2	12.2				12.9	32.4
Eastern Europe	5.3					2.6	7.9
Free World	0	0	19.8	0	0	12.0	31.8

a. Identified imports include some estimates of bulk cargoes, using methods which have proved to be highly reliable. Because of rounding, components may not add to the totals shown.
b. In addition, an unknown quantity of imports was carried by Chinese Communist ships.

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Table 4

Identified North Vietnamese Exports
Carried by Foreign-Flag Ships a/
November 1965

Thousand Metric Tons

Flag	Commodity					
	Coal	Apatite	Cement	Pig Iron	Miscellaneous	Total
Total	164.9	0	3.7	5.2	4.5	178.4
Communist countries	63.6	0	0	3.5	2.8	69.9
USSR	8.0				2.6	10.6
Eastern Europe	10.3			3.5		13.8
Communist China b/	37.0					37.0
Cuba	8.3				0.2	8.5
Free World	101.4	0	3.7	1.7	1.7	108.4

a. Identified exports include some estimates of bulk cargoes, using methods which have proved to be highly reliable. Because of rounding, components may not add to the totals shown.
b. In addition, an unknown quantity of exports was carried by Chinese Communist ships.

Analysts:

Coord:

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